

kcFED Ag BULLETIN

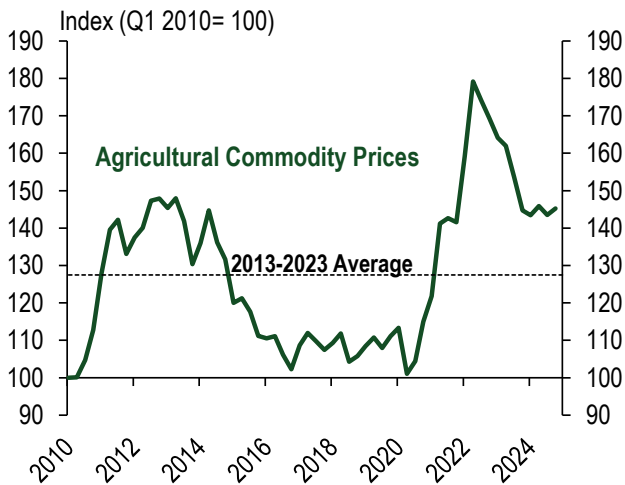
Summary

Economic conditions in agriculture were subdued through the end of 2024 alongside weak crop prices. Agricultural prices in the final months of the year were slightly higher than the previous quarter but remained similar to the previous year. Strong prices in cattle and other animal industries supported revenues, but prices for major row crops remained low. Historically low inventories have continued to support cattle prices but have also created challenges for beef processors. The outlook for crop prices remained subdued and could continue weighing on revenues, but distribution of recently announced payments for disaster relief and economic assistance in the coming months could provide broad support to the sector. In early February, the United States Department of Agriculture (USDA) forecasted considerable improvement in net farm income during 2025 alongside substantial ad hoc government payments associated with the American Relief Act of 2025. Farm loan delinquency rates increased slightly in 2024, but financial stress was still limited and ad hoc government payments will likely provide additional support in early 2025.

U.S. agricultural prices increased slightly during the fourth quarter and ended 2024 slightly higher than the beginning of the year.

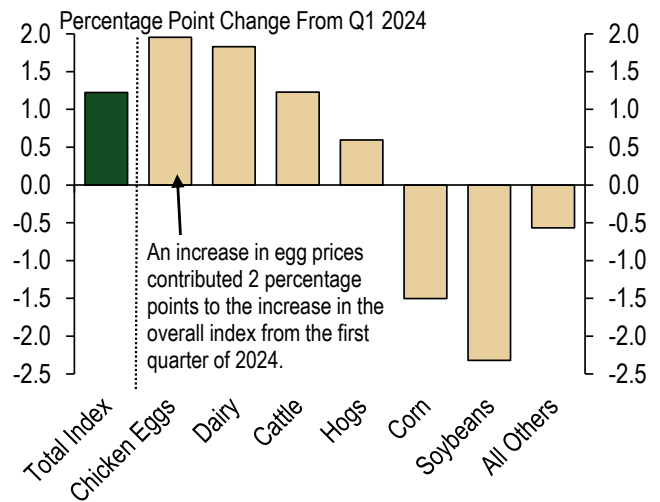
Egg, dairy and cattle supported the price index over the past year, but lower corn and soybean prices limited overall increases in ag prices.

U.S. Agricultural Price Index¹



Sources: USDA and staff calculations

Contribution to Price Index Change²



Sources: USDA and staff calculations

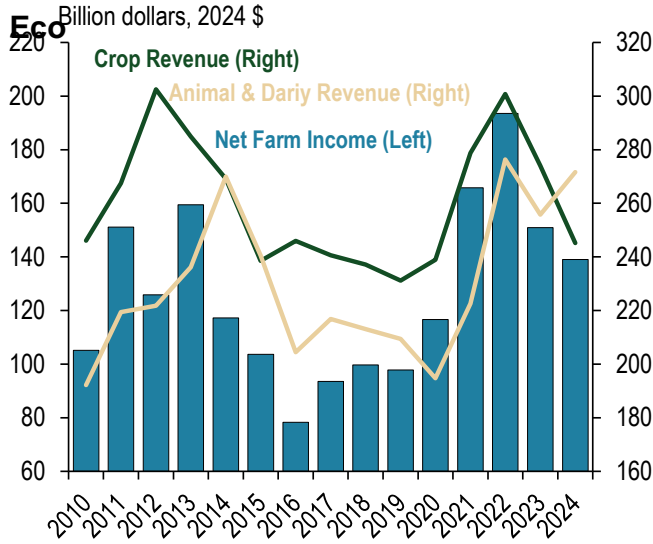
Notes

1. Weighted based on share of total annual agricultural cash receipts attributed to each individual commodity. Individual commodities allocated account for 90% of total 2023 cash receipts.
2. Based on changes in weighted indices of individual commodities and corresponding contribution to the change in the sum of those individually weighted indices from the previous period. Above commodities accounted for approximately 65% of total 2023 cash receipts [chicken eggs (4%), dairy (10%), cattle (16%), hogs (6%), corn (17%), and soybeans (12%)].

Despite stronger animal and dairy prices, weak crop revenues weighed on net farm income in 2024.

Crop and meat production were generally flat in 2024 while milk production declined notably.

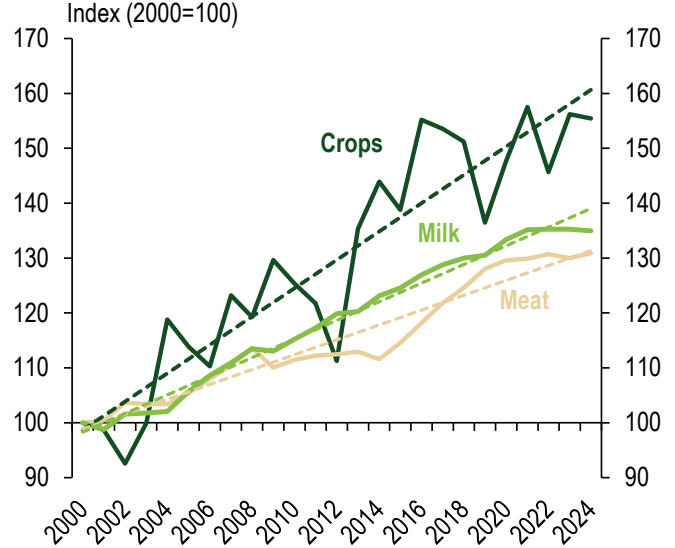
U.S. Farm Income and Revenue³



Source: USDA

Agricultural export activity was subdued in 2024 but domestic demand for agricultural products was firm.

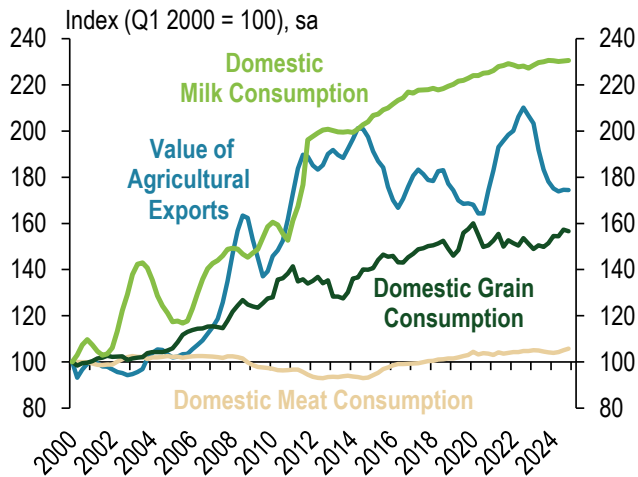
U.S. Agricultural Production⁴



Sources: USDA and staff calculations

Farm loan delinquency rates increased slightly through the end of 2024, but leverage remained low and financial stress remained limited.

Demand for U.S. Agricultural Products⁵



Sources: USDA and staff calculations

U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q4 2024]	1.1	0.8
Chapter 12 Bankruptcy Filings in 12-month period ending [Q4 2024]	216	139
Ag Bank Loan-to-Deposit Ratio (%) [Q4 2024]	78.4	76.5
Interest Rates on Non-Real Estate Farm Loans [Q4 2024]	7.7	8.1
Farm Debt-to-Assets (%) [Annual - 2024]*	12.8	12.9
Farm Debt-to-Income Ratio [Annual- 2024]*	3.9	3.5

Sources: USDA, U.S. Courts, and Federal Reserve Board of Governors

Notes

3. Crop and Livestock Revenues are reported as cash receipts and accounted for 90% of total gross farm cash income in 2023. Other amounts of gross cash income are attributed to government direct farm payments and other farm-related income.

4. Crop Index includes all grains, oilseeds, fruits and vegetables are weighted by share of total U.S. production measured in million metric tons. Meat Index includes the aggregate live weight of cattle, hogs, and poultry processed at U.S. federally-inspected plants weighted by share of total domestic production measured in pounds.

5. Domestic grain consumption includes food, feed, and industrial use of corn, sorghum, barley, oats, and wheat and soybean crush.

*Farm income and balance sheet figures published by the USDA as of February 6, 2025.